

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Products Price Changes
Rates of General Applicability

Docket No. CP2023-42

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued November 23, 2022)

To clarify the USPS Notice of Changes in Rates and Classifications of General Applicability for Competitive Products, filed November 10, 2022,¹ the Postal Service is requested to provide a written response to the following questions. The response is due no later than December 1, 2022.

1. Please refer to Excel file "FCPIS Calc.Redacted.xlsx," which was filed in support of the Notice. The Postal Service labeled the First-Class Package International Service (FCPIS) volumes in tab "FCPIS 2021 Volume," cells C6:V27 as "FCPIS 2021 Revised Volume - Retail." Please explain how this volume was revised. Please also explain why the Postal Service didn't file revised volume in cells Y6:AR27 and AU6:BN27 for FCPIS Commercial Base and FCPIS Commercial Plus, respectively.
2. In Order No. 6249, the Commission stated that: "the level of detail and breadth and depth of information provided in filings pursuant to 39 C.F.R. §§ 3040.180 and .181 are instructive of the level of detail and information the Commission also expects in filings made pursuant to 39 C.F.R. §§ 3035.102 and .104 and

¹ USPS Notice of Changes in Rates and Classifications of General Applicability for Competitive Products, November 10, 2022 (Notice). The Notice also includes the Decision of the Governors of the United States Postal Service on Changes in Rates and Classifications of General Applicability for Competitive Products (Governors' Decision No. 22-6).

Order No. 1062.”² In filings pursuant to 39 C.F.R. § 3040.180 and 181, the scope of the information to be provided includes: “the likely impact that the changes will have on users of the product and on competitors.” 39 C.F.R. § 3040.181(c).

- a. With respect to the proposed elimination of Priority Mail Regional Rate Boxes (RRB), the Postal Service states that it “expect[s] most existing RRB customers will utilize Priority Mail Cubic going forward. Priority Mail Cubic offers everything that RRBs do, except for free packaging. If these customers choose not to use Priority Mail Cubic, other Priority Mail price categories remain an attractive alternative.” Notice at 3-4.
 - i. Please provide additional information justifying this statement, including identifying the users of Priority Mail RRB, explaining in the detail the Postal Service’s expectation that such users will instead use Priority Mail Cubic, and identifying the other Priority Mail price categories the Postal Service expects to be attractive alternatives for such users.
 - ii. Please explain in detail the expected impact on such users of the unavailability of free packaging in the identified alternatives to Priority Mail RRB.
 - iii. Please compare and contrast the service features and physical characteristics of Priority Mail RRB to the identified alternatives.
 - iv. Please explain in detail how this change will impact competitors and the broader package market, including information on which

² Docket Nos. CP2022-22 and CP2022-61, Order Granting in Part the United States Postal Service’s Motions for Clarifications of Orders No. 6071 and 6195, August 15, 2022, at 14 (Order No. 6249).

competitors would be impacted and why the impact is expected to be minimal. See *id.* at 3.

- b. With respect to the changes in Zones L, 1, and 2, the Postal Service states that it “expects this classification change will have a positive impact on its customers, and will have a minimal impact on competitors and the broader package market” and that “[p]roviding consistent Zone 1 and Zone 2 labels across the Postal Service’s competitive products will make it easier for customers to understand the Postal Service’s pricing structure.” *Id.* at 4.
 - i. Please provide additional information justifying these statements, including identifying the affected users and explaining in detail why the Postal Service expects the impact on those users to be positive.
 - ii. Please explain in detail how this change will impact competitors and the broader package market, including information on which competitors would be impacted and why the impact is expected to be minimal.
- c. With respect to the proposed elimination of Priority Mail Express International (PMEI) offered at a discount at retail to certain destinations, the Postal Service states that it “does not expect this classification change to have a significant impact on customers or competitors, because the discount at retail was applicable to only a handful of destinations and was not advertised.” *Id.* at 6.
 - i. Please provide additional information justifying this statement, including identifying the affected users of the product and explaining in detail how this change will impact those users.
 - ii. Please explain in detail how this change will impact competitors and the broader package market, including information on which

competitors would be impacted and why the impact is expected to not be significant.

- d. With respect to the proposed elimination of zones for priority Mail International to Canada, the Postal Service states that “[s]ome customers are likely to benefit from the simplified pricing structure. This classification change is likely to have a small impact on competitors and the broader package market.” *Id.* at 7.
 - i. Please provide additional information justifying this statement, including identifying the affected users of the product, and explaining in detail which users are likely to benefit from this simplified pricing structure and which users are like to not benefit.
 - ii. Please explain in detail the expected impact on competitors and the broader package market, including information on which competitors would be impacted and why the impact is likely to be small.
- 3. In its Notice, the Postal Service describes the introduction of a new Label Delivery Service. *Id.* at 4-5.
 - a. Please provide additional information on how the Label Delivery Service will work operationally, including the creation of the label, the packaging of the label for delivery, and the method used to deliver the label.
 - b. Please provide any market research or other information the Postal Service has concerning the expected demand for the Label Delivery Service.

- c. Please provide more detail on the similar competing services identified by the Postal Service, including identifying the competitors offering those services and any published pricing information.

By the Chairman.

Michael Kubayanda